

Letter to the Shareholders

NOVEMBER 2014

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Dear Shareholders,

The most notable event of this year 2014 is without a doubt the sale of the North Galaxy office building on 12.05.2014 for €475 million. This is the largest real estate transaction realised on the Belgian market for a single building.

The ownership of the North Galaxy building, rented until 2031 to the Buildings Agency (Belgian federal state), was transferred for €475 million to ATP, the largest Danish pension fund, and to Axa Belgium. This transaction resulted, on the one hand, in a decrease of the forecasted debt ratio at end 2014 and, on the other hand, in a better allocation of risks within the Cofinimmo property portfolio and, more specifically, within its office portfolio. The forecasted net current result per share (excluding IAS 39 impact) – Group share for the financial year 2014 could be maintained thanks to the partial restructuring of financial interest rate hedging instruments, resulting in a decrease of future interest charges.

Moreover, Cofinimmo's operational, commercial and financial teams are actively working on the various (re-) development projects of the Group.

In the office segment, the renovation works of the Livingstone II building were finalised. The lease with the European Commission entered into force in August. The permits required for the redevelopment of the Belliard 40 building were granted in March. The marketing phase was kicked off. The reconversion works of the Woluwe 34 building in apartments are progressing according to plans. At the end of July, 80% of the apartments were already reserved or sold.

In the healthcare real estate segment, the construction and renovation works of various assets were finalised, demonstrating Cofinimmo's expertise in accompanying healthcare operators in their real estate projects. Pursuing the optimisation of its healthcare assets portfolio, Cofinimmo sold seven buildings located in France for a total amount of €46.8 million.



Jean-Edouard CARBONNELLE
CEO

In the segment of Public-Private Partnerships, the delivery of the construction works of the new prison in Leuze-en-Hainaut was formalised last June and indicates the beginning of the occupation of the building by the Buildings Agency under a 25-year lease.

On the financing side, Cofinimmo continued to optimise its financial resources, namely by offering its shareholders the option of the payment of their 2013 dividend in cash or in shares.

41.2% of the 2013 dividends were paid in new ordinary shares, increasing the company's equity by €32.8 million.

What is the outlook for the future? In an office market which is still weak, Cofinimmo will concentrate its efforts on the active management of its office portfolio, on the letting as well as on the redevelopment level, and on the growth of its healthcare portfolio, namely in the Netherlands and in Germany. ●



André BERGEN
Chairman of the Board of Directors

PERFORMANCE

Cofinimmo confirms its forecast of a gross dividend of €5.50 per ordinary share for the financial year 2014, payable in 2015.

The sale in May of the North Galaxy office building for €475 million resulted in a decrease of the Group's debt ratio (48.9% on 30.06.2014

versus 49.2% on 30.06.2013), allowing the company to pursue its growth strategy in the healthcare real estate segment and to finance its office renovation plans.

The net current result¹ – Group share increased (M€61.0 on 30.06.2014 versus M€58.9 on 30.06.2013), thanks namely to the restructuring

of financial interest rate hedging instruments which resulted in a decrease of the average cost of debt (3.7% on 30.06.2014 versus 4.0% on 30.06.2013). Cofinimmo hence confirms its forecasts for the financial year 2014 of a net current result¹ – Group share of €6.61 per share and of a gross dividend of €5.50 per ordinary share. ●

Net current result¹ per share – Group share (6 months): €3.39

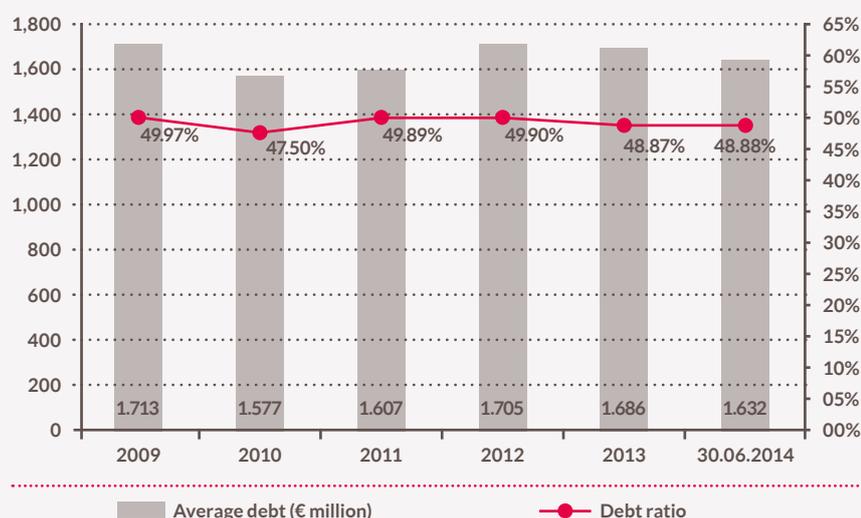
Net Asset Value: €85.2

Debt ratio: 48.9%

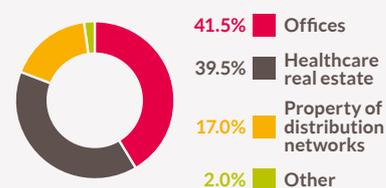
KEY FIGURES

	30.06.2014	30.06.2013	Variation
Portfolio of investment properties	M€3,148.3	M€3,329.4	-5.4%
Gross rental revenues	M€109.9	M€111.5	-1.4%
EBITDA	M€90.3	M€93.0	-2.9%
Net current result ¹ – Group share	M€61.0	M€58.9	+3.6%
Result on the portfolio – Group share	M€-21.7	M€-12.7	-70.9%
Operating margin	84.9%	85.5%	-0.6%
Residual lease length	10.9 years	11.7 years	-0.8 years
Occupancy rate	94.6%	95.6%	-1.0%
Gross rental yield at 100% occupancy	7.00%	7.07%	-0.07%
Average interest rate on debt	3.7%	4.0%	-0.3%
Debt ratio	48.9%	49.2%	-0.3%

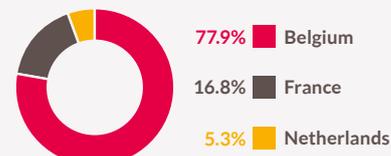
EVOLUTION OF THE AVERAGE DEBT AND THE DEBT RATIO



BREAKDOWN OF THE PORTFOLIO BY SEGMENT



BREAKDOWN OF THE PORTFOLIO BY COUNTRY



¹ Excluding IAS 39 impact.

ACCOMPLISHMENTS

SALE OF THE NORTH GALAXY OFFICE BUILDING

In May 2014, Cofinimmo sold 100% of the shares of the company Galaxy Properties SA/ NV, owner of the North Galaxy office building, located in the North District of Brussels. This building was built in 2005 and bought by Cofinimmo the same year for €390 million. It is rented to the Buildings Agency and is occupied by the Ministry of Finance until 2031. It has a surface area of 105,000m² spread over two towers.

The shares of Galaxy Properties SA/ NV were acquired for 90% by ATP, the largest Danish pension fund, and for 10% by Axa Belgium. The value agreed upon between parties for the building stood at €475 million. The internal rate of return of the investment in the building over the period during which Cofinimmo owned it amounts to 14.9% per year, taking into account the specific financing at the time of the acquisition.

If the transaction resulted in an accounting loss of €24 million, due to registration rights paid, it more importantly had the following positive effects:

- a decrease of the forecasted debt ratio at end 2014 (47.5% versus 49.1% initially forecasted);



- a decrease of the office share in the total portfolio (41.5% on 30.06.2014 versus 45.6% on 31.12.2013), as announced in the company's strategy;
- a better allocation of risks within the office portfolio;
- a better alignment of the current cash flow compared to the net current result¹ per share.

The transaction has no impact on the forecasted net current result¹ per share of €6.61 for the financial year 2014, because it was accompanied by a restructuring of financial interest rate hedging instruments, resulting in a decrease of future interest charges. ●

RENOVATION AND LETTING OF THE LIVINGSTONE II OFFICE BUILDING

In August 2014, Cofinimmo finalised the renovation works of the Livingstone II office building, located in the Leopold District in Brussels. The works had started in March 2013 and were meant to thoroughly renovate the building in order to meet the current standards in terms of comfort, flexibility and connectivity.

The European Commission signed an usufruct agreement with Cofinimmo for the entire 17,000m²-building, which will house the Commission's

new training centre. The contract has a duration of 15 years, starting on 14.08.2014, and provides for an annual fee of €2.7 million, indexed

annually. Following this transaction, the rents coming from the European Commission represent 11.7% of Cofinimmo's total office rents. ●

¹ Excluding IAS 39 impact.

ACCOMPLISHMENTS

DELIVERY OF DEVELOPMENT PROJECTS IN THE HEALTHCARE SEGMENT

Cofinimmo accompanies healthcare operators in their real estate projects. It offers them customised services, ranging from simple financing to the project management of renovations, extensions or new constructions. It has an experienced team made up of financial, technical and legal profiles, all well-aware of the latest developments in healthcare real estate.

The assets are rented to the main operators over long periods: 27 years in Belgium, 12 years in France and 15 years in the Netherlands.

The following projects were delivered in 2014:

NAME OF THE INSTITUTION	TYPE OF WORKS	SURFACE AREA	OPERATOR
Bergman Clinic Ede (NL)	Reconversion of office building in acute care clinic	2,663m ²	Bergman Clinics
Bergman Clinic Rijswijk (NL)	Reconversion of office building in acute care clinic	2,133m ²	Bergman Clinics
Damiaan Tremelo (BE)	Renovation and extension of nursing home	+ 556m ²	Senior Living Group
Lakendal Aalst (BE)	Construction of new nursing home	7,894m ²	Armonea
Le Clos St. Sébastien St. Sébastien sur Loire (FR)	Extension of EHPAD ¹	+ 786m ²	Orpea
Les Jours Heureux Lodelinsart (BE)	Extension of nursing home	+ 1,350m ²	Senior Assist



BERGMAN CLINICS



The Bergman Clinics Group, founded in 1988, has 600 employees and 80 specialised physicians working in 17 sites in the Netherlands. It is specialised in the management of "Zelfstandig Behandel Centra" ("ZBC"), or independent private clinics. These are medium-sized structures typically comprising some operation theatres, medical diagnosis facilities, consultation rooms, recovery rooms and private hospital wards. They have a specialised care offering: eye or skin care, gastroenterology, gynaecology, orthopaedics,...

Cofinimmo rents three buildings to Bergman Clinics. These are former office buildings reconverted into modern clinics, located respectively in Naarden, Rijswijk and Ede. Bergman Clinics is an interesting tenant for Cofinimmo because of its leading position in the "ZBC" market, the diversification of its assets and the stability of its revenues, coming mainly from insurance companies.

¹ Etablissement d'Hébergement pour Personnes Agées Dépendantes: nursing home in France

ACCOMPLISHMENTS

SALE OF ASSETS IN THE HEALTHCARE SEGMENT

In almost ten years, Cofinimmo has built a healthcare real estate portfolio comprising 129 sites and amounting to €1.2 billion. It wishes to progressively extend to this portfolio the selective arbitrage policy that it has been applying to its office portfolio for years. This policy consists in selling mature or non-strategic assets and in reinvesting the collected funds in other assets which are better aligned with the Group vision, and namely new constructions.

Since the beginning of 2014, Cofinimmo sold seven healthcare assets in France, for a total amount of €46.8 million. The criteria taken into account when deciding to sell a healthcare asset are namely its size, its age, its location, its operation (characteristics of the operator, occupancy rate by residents, competitiveness in terms of prices charged to them,...) and the residual lease length. ●

DELIVERY OF THE CONSTRUCTION WORKS OF THE PRISON OF LEUZE-EN-HAINAUT

At the end of June, the Buildings Agency notified the issue of the Availability Certificate relating to the new prison of Leuze-en-Hainaut. This Certificate formalises the delivery of the construction works of the prison, at the satisfaction of the user, the Ministry of Justice.

As a reminder, in 2011, the Buildings Agency awarded the consortium Future Prisons, comprised of Cofinimmo, Cordeel and Willemen, the public tender drawn up on the basis of the Design-Build-Finance-Maintain model for the construction and maintenance of a new prison in Leuze-en-Hainaut, a 28 316m² facility to house 312 inmates. The construction works began in August 2012. The budget of the works amounted to €106 million.

The delivery of the Availability Certificate indicates the beginning of the occupation of the building by the Buildings Agency under a 25-year lease. At the end of the lease, the ownership of the building will be transferred to the Agency automatically and free of charge. The annual rent due by the Agency amounts to €12.1 million.

Cofinimmo financed the transaction by selling to a bank a share of the rents due by the Buildings Agency. The net investment of Cofinimmo in the operation hence amounts to

€12.4 million. Taking into account this specific financing mode, the expected net yield in the income statement of Cofinimmo stands at 10% per year. ●



ACCOMPLISHMENTS

41.2% OF THE 2013 DIVIDEND COUPONS PAID IN SHARES

Since 2011, the Board of Directors offers each year to the ordinary and the preference shareholders the choice between the payment of the dividend in new ordinary shares, in cash, or a combination of both.

For the payment of the 2013 dividend, the subscription price for one new ordinary share was set at €85.50, i.e. the closing share price on the day

before the offering was announced, less the gross dividend of €6.00.

A total of 41.2% of the 2013

dividend coupons were paid in shares, resulting in the issue of 383,224 new ordinary shares for a total amount of €32.8 million. ●

DOUBLE REWARD FOR COFINIMMO AT THE ANNUAL EPRA CONFERENCE

At the annual EPRA (European Public Real Estate Association) conference organised in London at the end of September, Cofinimmo received the highest awards (Gold Awards) for having consistently complied with

EPRA recommendations in terms of, firstly, global reporting and, secondly, environmental reporting.

These awards reflect the efforts made by the Group to provide

the most transparent and structured information possible and to continually improve its communication with shareholders. ●



CORPORATE GOVERNANCE

JÉRÔME DESCAMPS NEW CHIEF FINANCIAL OFFICER

Mr. Jérôme Descamps joined Cofinimmo on 01.10.2014 as Chief Financial Officer and member of the Executive Committee of the real estate group.

Graduate from Ecole Supérieure de Gestion Finance (Paris), Jérôme Descamps (47) has more than 20 years of experience in the real estate industry and was until recently Chief Financial Officer of Société de la Tour Eiffel, a French real estate investment trust (SIIC) listed on NYSE Euronext Paris. He previously worked as Chief

Financial Officer for Awon Group (Soros Real Estate) and as Financial Controller for ISM (a real estate company owned by GDF-Suez and later by General Electric Capital).

He is MRICS (member of the Royal Institute of Chartered Surveyors) and a French national. ●



NEW RREC REGIME

Following the transposition of the European Directive “Alternative Investment Fund Managers” (AIFM) into Belgian Law, the SICAFI/BEVAKs are subject to new obligations. Within this context, the Belgian Parliament introduced the status of “Regulated Real Estate Company” (RREC). This status is similar to the SICAFI/BEVAK status but aims companies with a commercial purpose, as opposed to investment funds.

SICAFI/BEVAKs therefore have to make a choice: either to seek approval as investment fund, or to seek approval as RREC¹ and to

propose their shareholders to adopt this status. Cofinimmo chose the second alternative.

Having obtained at the end of August the approval of the FSMA to adopt the RREC status, Cofinimmo convened a first Extraordinary General Meeting on 30.09.2014 to propose its shareholders to adopt the new status. Because the required quorum was not met, a second Extraordinary General Meeting has been convened on 22.10.2014 to vote on the same matter. ●



¹ Société Immobilière Réglementée (SIR) / Gereguleerde VastgoedVennootschap (GVV).

STOCK MARKET

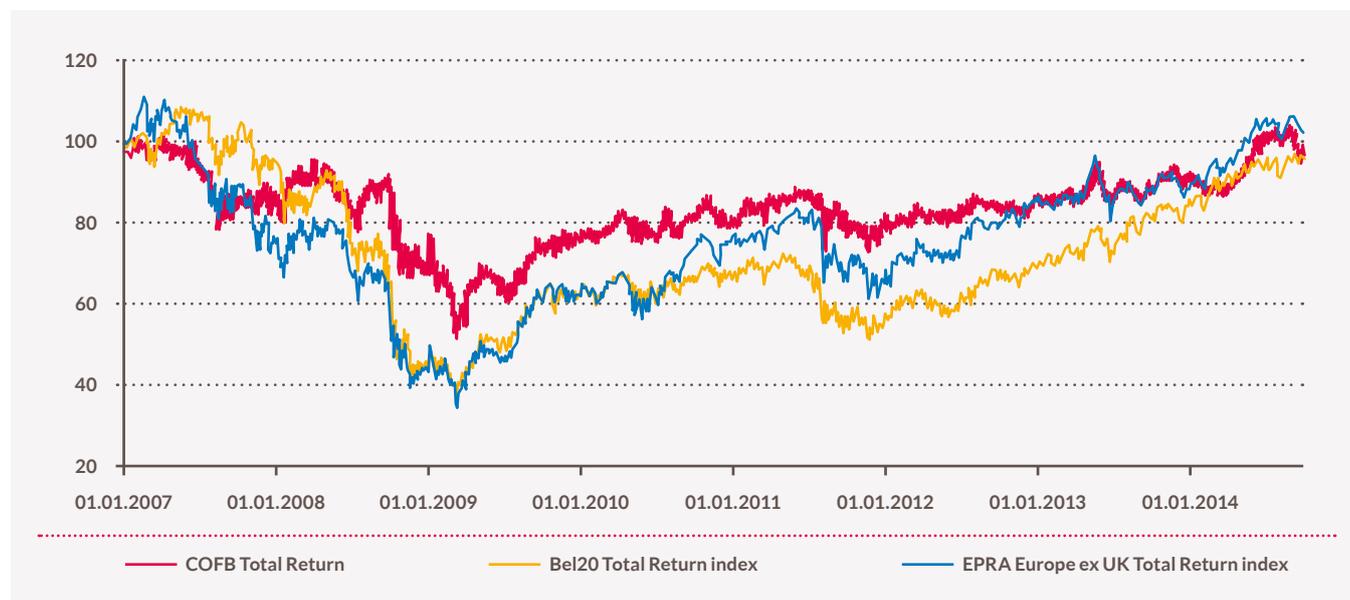
STOCK MARKET PERFORMANCE

With the very high proportion of the result being distributed annually as dividends, the performance of the Cofinimmo share must be evaluated in terms of total return, i.e. by assuming the reinvestment of the gross dividends paid, and must be compared to indexes reflecting the total return of the shares included in it.

The market of real estate shares reached a peak at the beginning of 2007 and a bottom mid-2009.

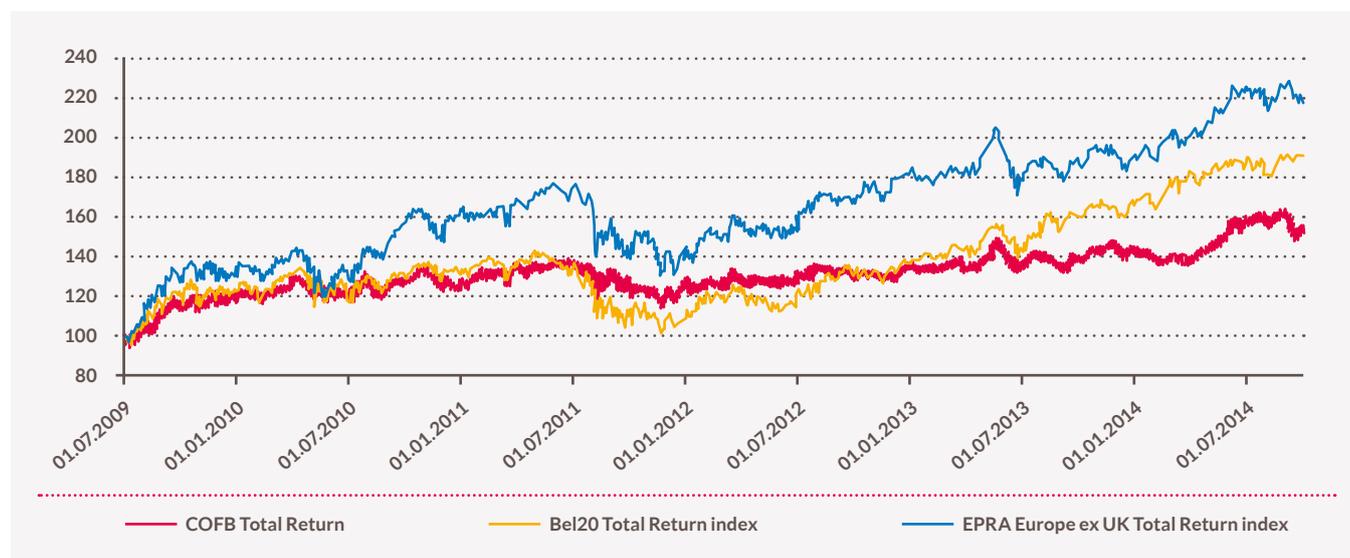
TOTAL RETURN SINCE THE BEGINNING OF 2007

In total return, the Cofinimmo share offers neither a gain nor a loss at 30.09.2014 for the investor who bought it at its peak (01.01.2007), as is also the case for the investor who invested in the Bel20 index or the EPRA Europe ex-UK index.



TOTAL RETURN SINCE MID-2009

In total return, for the investor who bought the Cofinimmo share at its lowest level (01.07.2009), the average annual return amounts to 10.5% at 30.09.2014.

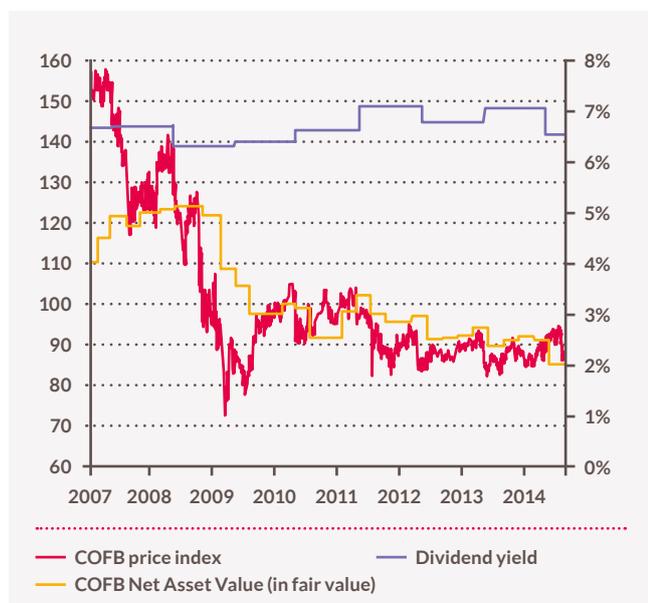


STOCK MARKET

DIVIDEND YIELD

HIGH AND SUSTAINABLE DIVIDEND YIELD*

It should be noted that, even if the dividend level per share decreased since 2007, it remained at the same level compared to the Net Asset Value and that, since mid 2009, the share price remained close to this value.



DATA SHEET

Market cap at 30.06.2014:

€ 1.5 billion

Number of outstanding shares at 30.06.2014:

17,978,603

Listing market:

Euronext Brussels

ISIN code of the ordinary share:

BE0003593044

Euronext code of the ordinary share:

COFB

Bloomberg code of the ordinary share:

COFB BB

Main indexes:

Bel20, Euronext 150, EPRA Europe, GPR250

STANDARD & POOR'S RATING

BBB- for the long term / Stable outlook

A-3 for the short term

* Dividend yield = Gross dividend distributed during the year N / Net Asset Value at 31.12 of the year N-1

FINANCIAL CALENDAR



07.11.2014

Interim announcement: results at 30.09.2014

06.02.2015

Annual press release: results at 31.12.2014

13.04.2015

Publication of the 2014 Annual Financial Report

13.05.2015

Interim announcement: results at 31.03.2015

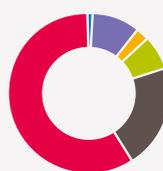
13.05.2015

2014 Ordinary General Meeting

31.07.2015

Half-yearly Financial Report: results at 30.06.2015

SHAREHOLDERS AT 30.06.2014



59.2%	Not identified
20.9%	Investment funds
7.1%	Insurance companies
2.6%	Sovereign funds
10.0%	Pension funds
0.3%	Own shares

CONTACT

Cofinimmo's Investor Relations team is available to answer any request:

- related to your registered shares: shareholders@cofinimmo.be;
- related to the company: vkibieta@cofinimmo.be or egraults@cofinimmo.be.

Please also visit our website:

www.cofinimmo.com